

## **1. WSF EVALUATION:**

The Committee members individually and collectively spent considerable time reviewing the report and findings of the Evaluation of Hawaii's Weighted Student Formula (WSF) that was conducted by the American Institutes for Research.

The Committee notes that in summary the Evaluation found that the WSF policy has:

1. gained widespread acceptance among school leaders and key stakeholders within the state;
2. generally increased the equity of resource allocations to schools serving diverse populations statewide;
3. expanded autonomy for school leadership that allows greater flexibility to implement instructional programs; and,
4. provided the opportunity for local communities to participate in local decision making at their schools.

Major challenges identified include the:

1. insufficiency of funding allocated by the WSF (adequacy);
2. unique needs of small, rural, combination and isolated schools and the inadequacy issues as a result of those needs;
3. accuracy of differential costs of providing an equal opportunity for all students to achieve;
4. determination of the ideal split between central and school split of program discretion; and,
5. level of site discretion over hiring and dismissal, as well as recruitment and retention of qualified staff.

The report raised other issues that the Committee discussed such as the use of actual versus average salaries for the purpose of allocating funds to schools for staff. This will be addressed separately.

### **Findings and Recommendations:**

1. The Committee concurs with the Evaluation's conclusion that "the next steps are for the state to engage in investigations that will assess the sufficiency of available funding and whether the distribution of resources accurately reflects student needs..." (pg. 146) Recommend the Department seek an appropriation of funds to support further investigation into a determination of what constitutes adequacy.
2. Further investigation into the issue of adequacy should also consider the possible unique needs of small, rural, combination, and isolated schools.
3. Further investigation into the differentiated cost of providing equal opportunity for all (English Language Learner, free and reduced lunch, gifted and talented, etc.) students.
4. The assignment of central and school discretion over programs that currently exists is largely the result of a deliberative process that has been undertaken now by eight Committees on Weights. As a general rule, when the responsibility

to fund a program and the resources that come with it adds to schools' flexibility, that has been determined to be an appropriate program for schools to exercise control over. When responsibility to fund a program or expense has a negative impact on schools' flexibility by subjecting schools to significant financial risk, or require such specialized expertise that the added management responsibility will significantly diminish the schools' capacity to support student achievement, those are programs best coordinated centrally. Recommend that the assignment of determining what funds and responsibilities are best allocated through and paid for with WSF funds remain with the Committee on Weights. If there are individuals with different opinions on what funds should be distributed using the WSF the appropriate avenue to have the concerns heard is to submit or present testimony to the Committee on Weights.

5. Please note that the matter of hiring or firing of employees is appropriately managed either through existing personnel management guidelines or modified as determined by management and/or labor via the collective bargaining process.

## **2. WSF RESERVE:**

Based on the Board adopted COW VII (2011) recommendation:

The \$3 million WSF Reserve Fund is to be distributed as determined by the Superintendent specifically to provide assistance to **combination schools, geographically isolated schools, schools with very low enrollment, and other extraordinary circumstances**. In the event the full \$3 million is not required to provide assistance to these types of schools the balance is to be returned to the WSF pot. Funds shall then be distributed to all schools via formula either prior to the completion of the financial plans or after the start of the school year.

### **Findings and Recommendation:**

The WSF Reserve was established to assist schools requiring additional financial support to provide core educational services and basic school operations. In the first two years, the process involved schools submitting applications to Complex Area Superintendents to access these funds. The reserve was not intended to be a grant program to provide employee job security or enhanced educational programs. It needs to be emphasized that complex area superintendents must thoroughly scrutinize schools' applications prior to forwarding to the panel for consideration, pursuant to the superintendent's memorandum. The panel who reviews the application must continue to exercise the discretion needed to filter the applications and apply a standard that both maintains the similar treatment of schools with similar students and recognizes the unique conditions and challenges faced by each school.

Recommend that the WSF Reserve be maintained at \$3 million.

### **3. BASE FUNDING:**

The following are the current amounts used for each school type:

School Type	Base Funding Amounts
<b>Elementary</b>	\$200,000
<b>Elementary Multi-track</b>	\$280,000
<b>Middle</b>	\$347,000
<b>Middle Multi-track</b>	\$427,000
<b>High</b>	\$354,000
<b>K-8 or K-9 Combination</b>	\$403,000
<b>6-12 Combination</b>	\$410,000
<b>K-12 Combination</b>	\$465,000

The Committee reviewed the current Base Funding amounts in the table above. Base Funding distributes approximately \$64.6 million to schools. It was discussed that the Base Funding factor is a means by which to: 1) recognize there are overhead costs associated with all schools regardless of enrollment, and 2) target assistance to smaller schools that may require more funding per pupil than larger schools.

The Committee considered the implication of increasing all schools' Base Funding amount by \$55,104, which is the average salary for a data coach (teacher type) position. This would result in an increase to the amount distributed via Base Funding by \$14.2 million. The Committee also considered the same scenario with the addition of \$74,977 in Base Funding for each high school for the average salary of an athletic director position. This would result in an increase to the amount distributed via Base Funding by \$17.4 million.

The Committee was presented with one testimony in opposition to increase the Base Funding amount and one testimony in support.

#### **Findings and Recommendation:**

Despite the assistance these changes would have to smaller schools, the estimated impact to the value of a 1.0 (unweighted) student of -\$70.14 and -\$86.10, respectively, was not acceptable to the Committee.

Committee recommends no change to the current base funding levels be funded from within current WSF funds.

#### **4. AVERAGE DAILY ATTENDANCE (ADA):**

The Committee had a presentation and discussion with the OITS-School Process and Analysis Branch Director on ADA. Concerns were raised about the negative impact of excused absences and/or absences due to reasons beyond the control of the school, such as pandemics or natural disasters, which could affect school funding. In addition, concerns were raised that the punitive nature of using attendance as a factor in resource allocation could be counterproductive to support continual improvement in student achievement, particularly in areas already facing challenges such as having high rates of free and reduced lunch students.

#### **Findings and Recommendation:**

The Committee agreed unanimously that ADA should not be used as a factor in the WSF.

## **5. COMMON CORE:**

The Committee on Weights finds the decision by the Department, Board of Education, Governor, and Legislature to roll out the selection and acquisition of appropriate technology to support implementation of the Common Core State Standards as a categorical program is a more efficient and effective approach, as opposed to funding this through the WSF.

The Committee has historically used the following criteria to evaluate programs for possible inclusion in the WSF budget, to be distributed by formula:

1. Include funding from services or programs that are in place and available to every school.
2. Include funding from services or programs for which there is a formula to distribute dollars fairly.
3. Include funding of the service or program if they meet the prior two criteria for every school within a given school level (elementary, middle, and high).

### **Findings and Recommendation:**

In applying the criteria above the Committee finds:

1. The Common Core Digital Curriculum Pilot Project is in a pilot phase. This means that a limited number of schools are able to participate and take advantage of these tools. Therefore, the service or program is not available at every school.
2. The method of distribution of resources to support the Common Core Digital Curriculum Pilot Project does not lend itself to a formula that can be incorporated into the WSF. Factors such as network capacity and school readiness are key considerations in the early phases of rolling out this program.
3. This program does not meet the first two criteria.

At the early stages of this initiative, it is less efficient and effective to allocate limited Common Core Digital Curriculum funding directly to all schools with an expectation that every principal will figure it out. The Committee does not believe categorical funding will always be the best method of allocating these funds. If the initiative receives sufficient funding to fund digital curriculum at all schools, it may be more appropriate at that point to move this program into the WSF for distribution to all schools either by the weighted characteristics or a combination of base funding and weighted characteristics.

## **6. ESEA FLEX & STRIVE HI:**

The Committee received a presentation from Deputy Superintendent Ronn Nozoe on the Strive HI Performance Systems approved by the USDOE in May 2013.

This system has been designed to meet the needs of our students by setting student performance targets. Goals are aligned with the Department's Strategic Plan and are improvement-focused as opposed to focused strictly on a fixed and universal level of proficiency. The Strive HI System Index considers achievement on standardized tests, growth in achievement, readiness (absentee rate, ACT scores, graduation rates, and college attendance rate), and the achievement gap between the high needs and non-high needs students.

The Strive HI will have five steps on the path to continuous improvement based on performance. Rewards, supports, and interventions will be strategically deployed to those schools determined to be most worthy or most in need.

This program will help supplement the core school operations that are funded using WSF funds, and allow for system-wide strategic interventions and investments to support continuous improvement.

### **Findings and Recommendation:**

The continual reallocating of inadequate resources to support new initiatives presents its own set of challenges. Funding for supplemental interventions and investments ideally will come from new funding streams and not from the WSF budget or existing categorical programs that schools already rely on.

## **7. SCHOOL SITE CAPACITY TO SUPPORT IMPLEMENTATION OF THE WSF:**

The Committee was concerned about an issue raised in the Evaluation, which states, “Most respondents who were asked about site capacity reported that state and complex area staff have the necessary capacity to support school-level implementation of the WSF program, but only half of the respondents felt the same way about school staff.” (pg. 134)

### **Findings and Recommendation:**

Each complex area superintendent, school administrator, support staff, and school community is different. Further investigation into the basis of these concerns should be included in scope of the adequacy study recommended earlier.



## **8. LEGISLATIVE UNDERSTANDING AND SUPPORT OF THE WSF:**

The Committee was concerned about an issue raised in the Evaluation, which states “Most respondents report that the HDOE (Hawaii Department of Education) staff and the complex area superintendents have a good understanding of the WSF, and about half said that the legislature does not.” (pg. 134)

### **Findings and Recommendation:**

- The use of the WSF is a requirement in state statute.
- The regular review of the WSF by the Committee on Weights with a report to the Board of Education is also a requirement in the statute.
- The Department’s WSF webpage has extensive information on the WSF implementation, including details for every allocation made since the inception of WSF.
- The report stated, “Almost all respondents said that the WSF calculations and process are transparent.” (pg. 134)

To help increase understanding by legislators, recommend copies of chapters 1 and 2 of the Evaluation be provided along with the web site addresses where links to the full Evaluation can be found. In addition, Committee on Weights members are available to meet with stakeholders to review the WSF.

### **9. ACTUAL VERSUS AVERAGE SALARY:**

The Committee was concerned about an issue raised in the Evaluation that some other school districts have chosen to charge the actual or average salary costs of staff against the school budget. The study pointed out the advantages and disadvantages of each approach. Use of actual salaries for financial plans would result in actual expenditures being more closely aligned with the budget. Use of actual salary is a way to allow districts to address through the WSF inequities in the distribution of teacher qualifications. Use of average salary is much simpler for schools to budget with. Use of average salary avoids significant budgeting complexities and the political implications compared to using actual salaries in school financial plans.

In prior years, the COW and the Department have agreed the financial plans should use average rather than actual salaries for WSF funded positions. This relieves schools from managing the year to year uncertainty of the actual cost of the employees, which is determined not only by the number and type of employee, but also by the employees' compensation step level. Schools have no control over the actual salary of an employee. Actual salary is determined by the years of service of the employees and their bargaining units' collectively bargained contract.

#### **Findings and Recommendation:**

The Committee considered the implications to school operations and the equitable allocation of resources and determined the potential benefits of using actual costs are outweighed by the logistical and political implications. The Committee recommends the continued use of average salaries for school-based budgeting.

## **10. GIFTED AND TALENTED:**

The WSF currently assumes 3% of student enrollment is gifted and talented, and assigns this population a factor of a weight of .265.

The Committee received a presentation and had a discussion with the gifted and talented (G/T) program manager on the G/T policy and guidelines. There is currently no standard definition of criteria to define a G/T student which can be consistently applied to students regardless of what school they attend. As a result, a student who is identified as G/T at one school may not be identified as G/T at another school.

### **Findings and Recommendation:**

As with the Committee on Weights VII (2011), when G/T was added as a factor, this Committee recognizes that each school has a population of G/T students and funding should be explicitly provided for that population. The Committee finds that until the Department creates and implements clear and consistent identification criteria, there is no reliable methodology available to identify the actual number of G/T students in any particular school. The Committee recommends the current method of estimating the G/T population at each school is a sufficient way to identify funding provided for the G/T students at each school.

**11. SPECIAL EDUCATION (SPED) ALLOCATION:**

In previous school years, final determination of Article VI and SPED teacher positions were not available until after the Teacher Assignment and Transfer Program (TATP) had been completed.

**Findings and Recommendation:**

The Committee finds a need for more timely distribution of SPED and Article VI teacher positions. Delays in the dissemination of this information and eventual allocations are disruptive to student learning.

The Committee recommends improved alignment of SPED and Article VI teacher allocations with the Academic Plan and Financial Planning process.

## **12. ENROLLMENT DATA INTEGRITY:**

The Internal Audit staff that performed the Data Integrity Review on Student Enrollment made a presentation to the Committee. One of the recommendations of the review was consideration be given to pulling back “over-allocated” funds during the second and third counts for DOE schools with inaccurately recorded student enrollment counts. Enrollment counts are the foundation of the WSF calculation, accounting for approximately 88% of the weighted student units used to distribute the non-base funding. Accurate enrollment counts are a major concern for the Committee.

### **Findings and Recommendations:**

Schools must already ameliorate budget adjustments that result from the official enrollment allocation adjustment. Once the school year has started, programs and employees are in place and there is an expectation that the program will be for the full year. The Committee finds that the disruption to student learning due to mid-year budget reductions could be significant.

The Committee recognizes that there are many reasons why students are legitimately enrolled when the official enrollment count is made and subsequently withdrawn, including: enrollment in private school, military transfers, records in transit, students in-flight, etc.

The Committee was pleased to hear:

- On July 24, 2013 the superintendent issued a memorandum regarding timely, accurate, and reliable student enrollment. This memorandum urged all complex area superintendents and principals to review their electronic and paper records to ensure they reflect actual enrollment and to have staff regularly and consistently maintain enrollment count data.
- On July 26, 2013 the assistant superintendent of the Office of Information and Technology Services issued a memorandum to distribute the reference guide for registrars and clerks. This guide contains a newly added section specifically on the official enrollment count.

The Committee recommends that the Department continue to:

- emphasize the importance of accurate enrollment counts;
- make efforts to clarify current policies and procedures; and,
- increase opportunities for staff training on these enrollment and withdrawal procedures.

In addition, the Committee recommends no change to the current WSF allocation adjustment procedures of making both positive and negative allocation adjustments based on the August official enrollment count, and only positive allocation adjustments based on the second and third enrollment counts.

### **13. CLARIFICATION OF POLICY:**

The WSF Evaluation reported that at least one key stakeholder is under the impression that there is a “75 percent WSF statute and believes it has been funded at 49 percent for five years.” (pg. 93)

#### **Findings and Recommendation:**

The Committee found that this statement is unsubstantiated. The Committee found that there is a section of Hawaii Revised Statutes that refers to a percentage and the budget:

**§302A-1301. School system financial accountability. (b)** *Not less than seventy per cent of appropriations for the total budget of the department, excluding debt service and capital improvement programs, shall be expended by principals.*

The Committee members agree with previous committees that some programs/functions have direct benefit for the schools yet are more cost-effective when coordinated centrally. While most principals do not want the burden of procuring, monitoring, and paying for centralized services, it is important to note that these expenditures directly support their school’s operations.

The Committee recommends the Department seek confirmation and understanding by the Legislature that “funds expended by principals” includes services provided on behalf of the school for services such as utility bills, facility maintenance, food service, and special education.

#### **ATTACHED REFERENCE:**

The WSF budget is appropriated by the Legislature in general funds. Only general funds can be incorporated into this program. The Department’s \$1.399 billion general fund budget for Fiscal Year 2013-14 breaks can be found below.

<b><u>Programs</u></b>	<b><u>General Fund \$</u></b>	<b><u>% of FY 13-14 General Fund Budget</u></b>	<b><u>Provides</u></b>
EDN 100 - WSF	766,011,418	54.72%	Services at schools
EDN150 - SPED in regular schools (including Article VI teachers), Hawaii School for Deaf and Blind, and SPED services during school breaks	207,995,585	14.86%	Services at schools

<u>Programs</u>	<u>General Fund \$</u>	<u>% of FY 13-14 General Fund Budget</u>	<u>Provides</u>
EDN 100 & 500 - Other School Programs including Adult Education, Alternative Programs, Athletics, Hawaiian Studies, Vocational Education, and Common Core Instructional Materials	53,393,428	3.81%	Services at schools
	<b>1,027,400,431</b>	<b>73.39%</b>	<b>Services at schools Total</b>
EDN 150 - Autism Services, SPED Related Services (including OT & PT services), School Based Behavioral Health Services	113,848,384	8.13%	Direct support for schools
EDN 400 - Utilities (not including state office buildings)	57,790,000	4.13%	Direct support for schools
EDN 400 - Student Transportation	54,189,773	3.87%	Direct support for schools
EDN 400 - Physical Plant Operations and Maintenance other than Utilities (in EDN 400) including Reprographics, Safety and Security, Environmental Services, Auxiliary Services, Facilities Maintenance, and Facilities Development	38,707,792	2.77%	Direct support for schools
EDN 400 - Food Service	19,892,740	1.42%	Direct support for schools
EDN 200 - National Board Certified Teachers & Hawaii Content and Performance Standard Assessment	12,441,816	0.89%	Direct support for schools
	<b>296,870,505</b>	<b>21.21%</b>	<b>Direct support for schools Total</b>
EDN 200 - Complex Area Support (ICAA)	12,516,249	0.89%	State / CA support for schools
EDN 300 - State Administration including OFS, Superintendent's Office, Board of Education, Personnel Services, and OITS-Information and Telecommunication Services	42,276,161	3.02%	State / CA support for schools

<u>Programs</u>	<u>General Fund \$</u>	<u>% of FY 13-14 General Fund Budget</u>	<u>Provides</u>
EDN 200 - Instructional Development including the Curriculum and Instruction Branch, School Leadership & Improvement, Instructional Development, Advanced Technology Research, Teleschool, Leadership Development, System Accountability, Homeless Concerns	20,162,030	1.44%	State / CA support for schools
	74,954,440	5.35%	<b>State / CA support for schools Total</b>
EDN 100 & 400 - Grants in Aid for Hawaii Appleseed Center for Law & Economic Justice, Read to Me International, Read Aloud, Friends of Challenger Center, and After-School All-Stars	687,662	0.05%	Other
	687,662	0.05%	<b>Other Total</b>
	<b>1,399,913,038</b>	<b>100.00%</b>	<b>Grand Total</b>



#### **14. FINAL RECOMMENDATION:**

The Committee finds there are urgent needs to address: adequacy, assistance to small schools, and additional demands being placed on school administration and teaching staff. The following areas are identified as critical needs that must be addressed to effectively implement these Strategic Plan initiatives:

- Educator Effectiveness System;
- Student Data Analysis (formative instruction);
- Induction and Mentoring;
- ESEA Flex;
- Information Technology Support; and,
- Common Core State Standards.

Additional funding is needed to provide a successful system of supports to ensure student and staff success. The Committee recognizes the autonomy of the principals, but recommends additional funding is used for an additional educational officer and teacher support position. To provide for these additional school level resources the Committee highly recommends the Department seek additional funding for the WSF budget to increase base funding in the amount of \$135,000 for each school.